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Hot products gobble up basics

WOOLCO UNPLUGGED

Chain Store Age

GENERAL MERCHANDISE EDITION November 1982

K MART'S BOLD OFF-PRICE FASHION MOVE

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TWO DOLLARS PER ISSUE

IN THIS ISSUE

Woolco unplugged

After an all-out effort by The F. W. Woolworth Co. to revive Woolco, management has decided to cut off the life support system and will cease operation early in '83. By eliminating this 336-unit drain on the corporation, topsiders say they will now concentrate on expanding the specialty store division 25

K mart's bold move

K mart has been experimenting with "name brands for less" apparel depts. that could produce fundamental changes in the way it and other retailers merchandise soft lines. The test began four months ago in a Farmington Hills, Mich., store and expanded to others only last month. 51

Singles: new lifestyle

More Americans are living alone today than ever before. By the end of the decade, unmarried heads of households will account for 50% of all home units. But while the growth has been astronomical, few manufacturers or retailers have paid heed to the needs and wants of unmarrieds. 68

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***The Hunt Club** demonstrates new department designs for Higbee's.*

and refixturing departments by making them shallower and more attractive, and expanding some classifications such as notions.

Surprisingly, pets and the pharmacy will not be weeded out despite that most other merchants shy away from these departments. Strawbridge explains, "A department store should be a big bazaar if it has the space . . . it attracts people. If you keep eliminating departments, you drive business away, because while the customer goes someplace else for pet supplies he will buy something else there also."

When the renovation is complete, the one million-sq.-ft. store will have 460,000 sq. ft. for merchandising and approximately 250,000 sq. ft. of leased space. Higbee's currently uses 560,000 sq. ft. for retailing and leases 103,000 sq. ft. to Sohio and Women's Federal.

At the Westgate branch, Broadbent says men's, cosmetics, and accessories are being expanded while candy moves from the first floor to the second. This is the third renovation since its 1961 opening.

Parmatown, on the other hand, has outgrown its parameters, says Strawbridge. Plans are on the drawing board for adding another floor to the three-story building. However, with the recent acquisition of the Summit Mall store in Akron, Parmatown plans were slowed while management concentrated on the Akron opening.

Formerly a Halle's branch, the 110,000-sq.-ft. Summit Mall store was opened Oct. 14, six weeks after the lease was negotiated. Broadbent says that Higbee's strong charge customer base in Akron made the acquisition a favorable one. The new store's mix concentrates mostly on soft lines but Broadbent says it may expand within the next three years. □

Booksellers adopt GM strategies

□ It took booksellers some time to discover what most general merchandisers have known all along—shoppers must be convinced they'd be better off buying the same product at *their* store, be it Calvin Klein jeans or Harold Robbins' latest potboiler.

As competition and market saturation have increased, the nation's top book-selling chains have adopted mass merchandising techniques in a quest to dominate an increasingly competitive and concentrated market.

The two largest chains—Minneapolis-based B. Dalton and Stamford, Conn.-based Waldenbooks—market books using methods ranging from boutiquing to front-end merchandising. Not surprisingly, the chains are subsidiaries of two top GM retailers. B. Dalton accounted for 6.5% of Dayton Hudson's revenues last year while Waldenbooks turned in about 11% of Carter Hawley Hale's 1981 sales.

At one time, bookselling was a simpler profession. Once the province of slight bespectacled aficionados, booksellers eschewed best seller lists while offering the service and ambience of the corner grocery. Department stores were also once known for their bookselling prowess. Except for some notable exceptions (Macy's and Seattle-based Frederick & Nelson, among others), most now feature only a smattering of best sellers, romance novels, travel guides and cookbooks.

The 1981 composite statistics show the book chain trend. The industry's top 11 chains last year accounted for 23.3% of the $4 billion retail book trade. The top four chains (B. Dalton, Waldenbooks, Barnes & Noble and Crown Books) garnered 19.4% of the market while B. Dalton, with 579 stores, and Waldenbooks, with 740 units, alone accounted for almost 16% on combined sales estimated at $631.8 million.

The top chains can be neatly divided into two classifications—the upscale merchants vs. the discounters (see box). B. Dalton and Waldenbooks rely heavily on selection (Waldenbooks carries about 15,000 titles) and presentation, while Barnes & Noble and Crown discount best sellers and out-of-print hardcovers, known as remainders.

Industry insiders say expanding the bookselling market itself is the biggest challenge—not necessarily head-to-head competition.

According to Brian Moran, editor of *BP Reports*, a book industry trade publication, Crown officials claim they increased total bookstore

Top four book store chains—1981

B. Dalton	577	$319.3	$154.0	
Waldenbooks	740	312.5**	141.0	
Barnes & Noble	62*	96.0	N/A	
Crown Books	81*	42.5**	N/A	
Totals	1,460	770.3	147.5	

Source: *CSA* research and BP Reports, White Plains, N.Y.

sales in the Washington, D.C. area by 60% and in Los Angeles by 30% to 40%.

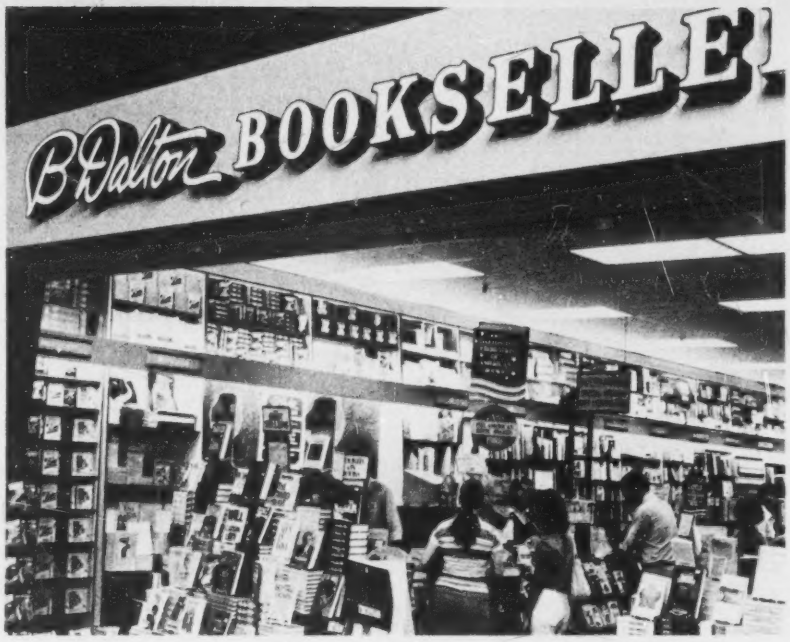
Raising the public book-buying consciousness seems to be a part of the Waldenbooks strategy as well. According to Jack Gunion, vp/store operations, Waldenbooks hosted 220 million browsers last year. "Only 25% of those were converted to purchases so we have a tremendous opportunity for conversions," he says.

Waldenbooks' marketing strategy wasn't always as precise. Until company president Harry Hoffman was hired almost four years ago (bringing along a retail savvy management team), the chain's fortunes were often left in the hands of individual store managers.

"We were growing but we weren't growing very well," recalls Gunion. "There was no regard to an exciting retailing environment. You've got to grab the customer off the mall just like any other fashion retailer."

According to company insiders, merchandising starts at the lease line where the potential mall customer is seduced by a waterfall display of new releases, numbered best sellers on the right, and magazine racks on the left. "They've got to see this. The average book buyer isn't looking for anything esoteric," Gunion notes.

Similar attention is paid the store interior, says David Culoy, vp/merchandising. According to Culoy, gondola endcaps are planogrammed and attention is paid to adjacencies.



***B. Dalton markets books** with boutiquing and front-end methods.*

Boutiquing has also been adopted, Culoy says. A "young adults" section has been created and new stores will be fixtured with children's book boutiques replete with play areas and special, child-high displays.

"I think the children's area is going to boom," Culoy says. Gunion agrees, adding that chain officials expect children's books to reach 12% of total sales," doubling the current 6% level.

This year Waldenbooks also completed the installation of a $3 million point-of-sale system which, says chief financial officer Charles Cumello, has helped increase gross margins (now at 40% for books, 25% for magazines) cut expenses and control inventory.

But Waldenbooks and other booksellers are feeling the economic pinch. According to Harry Hoffman, Waldenbooks has managed to outpace the 8% to 10% industry inflation rate, "but not by a hell of a lot." He predicts his chain's same-store sales will increase 10% to 13% by the end of the year.

B. Dalton is also plagued by soft sales. According to a spokesman, sales were up 16% through August. However, the company opened 43 more stores in 1982.

Brian Moran says the two chains' figures are indicative of the whole industry. Returns are up and orders are down as booksellers attempt to fine-tune inventories. What started as a strong sales year, he says, may result in disappointing volume figures for many book retailers—sales are only up by the industry inflation rate.

But as Hoffman and other industry officials note, merchandising and market expansion may be the key to solid growth as booksellers continue their efforts to sell essentially the same brand of soap.

"The book industry is not really a merchandise industry," says Hoffman. "The publishers look at books as works of art, not merchandise. They have to do this." □

Crown Books: the discount upstart

□ Crown Books, the Maryland-based discounter, is making its mark on the book-selling industry much like K mart, which took the variety store industry by storm in the 1960's.

Within the past two years, Crown has entered four major markets, more than doubled its outlets and has increased its sales from an estimated $17.5 million in 1980 to $42.5 million in 1981.

B. Dalton, a nondiscounter, has responded. Earlier this year the chain opened three discount outlets in Columbus, Ohio, called Pickwick. Although company officials say they're pleased with results, one industry insider says poor sales have temporarily halted an ambitious expansion program. "They said they would open 100 stores by 1983," this source notes, "but they still only have the Columbus stores."

Waldenbooks pres. Harry Hoffman admits Crown has dented his chain's best seller trade (which accounts for about 6% of sales in a nondiscount store) in California and Washington D.C. But, he adds, Waldenbooks will not embrace discounting. "We don't go on price, we go on selection and how we present our books to the customer," he says. □

warm-up suits, $22.97 (sale $17.97).

Shoes: Nike and Adidas.

K mart also is moving to forge a branded image in domestics. St. Mary's and Martex linens will be featured.

The Farmington Hills store is not a typical K mart. A takeover store, it has an extreme right of center entrance that in the past caused merchandise layout problems. But with the new apparel program customers receive an immediate branded apparel impact upon entering. All apparel areas are carpeted. Women's/juniors' apparel is to the right of the entrance. Men's wear is to the left, about halfway up the midway promotional aisle which in itself speaks of the change. Of 11 dump displays observed by *CSA*, eight contained branded apparel, including Bon Jour sweatsuits, $24.99, Sasson women's jeans on sale for $16 (reg. $19.97), Rustler boys jeans, $9.97, Calvin Klein for women, $19 (reg. $22) and men $20 (reg. $29.97), and Izod socks sale priced at $2 a pair.

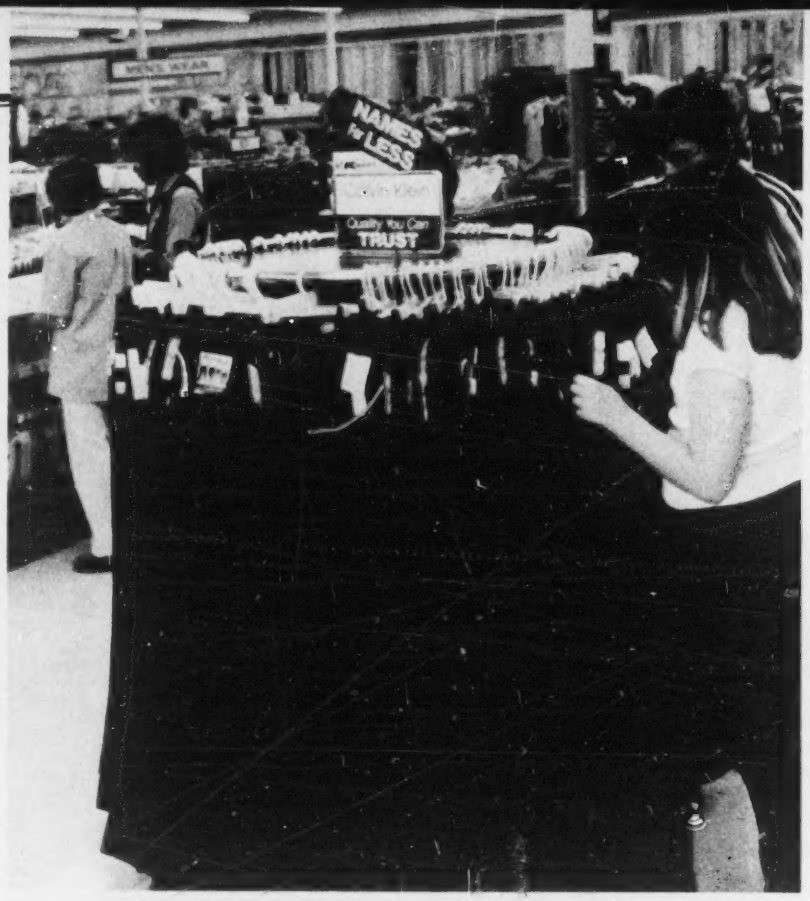
Signing is extensive. At the door customers are advised to visit the name brands for less departments. "Names for less at K mart, Quality you can trust" signs are posted liberally throughout apparel. On the lingerie wall displayer, applique names of Maidenform, Lily of France, Lillyette, Carnival and Playtex are pasted.

K mart's branded push comes on the heels of moves by Gold Circle, Bradlees and T.G. & Y.'s AIM for the best Stores to sprinkle brands into everyday mixes. In addition, Dayton Hudson is researching off-price potential, a field that has experienced phenomenal growth. A survey taken last year by Leo Shapiro & Assoc. showed that 50% more people had shopped in an off-price store than in 1977. Public acceptance and desire of brands is growing.

K mart attempted to cash in on the brand image with a summer debut of its Jonathan Logan program. Now, the $16 billion chain has a branded program that has the potential to dwarf all other off-price operations.

However, the chain's size could lead to delays in implementation as it gets its distribution and merchandise inventory systems in place. In the interim, smaller, regional discounters could take advantage of the opening in the branded apparel pipeline and begin winning customer acceptance.

K mart, however, is not overly concerned. "Others may beat us in presentation, but not in price," says one source. Indeed, the Farmington Hills store is a good laboratory for price testing. Across the street are no less than four off-price outlets: Taggs, T. J. Maxx, Dimensions and Loehmann's. □



***Consumers can find both** Calvin Klein denim and stone-washed jeans at K mart.*

Consumer watch: women's robes

□ Bathrobe buyers have to work hard to get year-round sales as almost 50% of today's shoppers say they buy robes for gifts, points out a nationwide Gallup Poll on robes conducted exclusively for *Chain Store Age*.

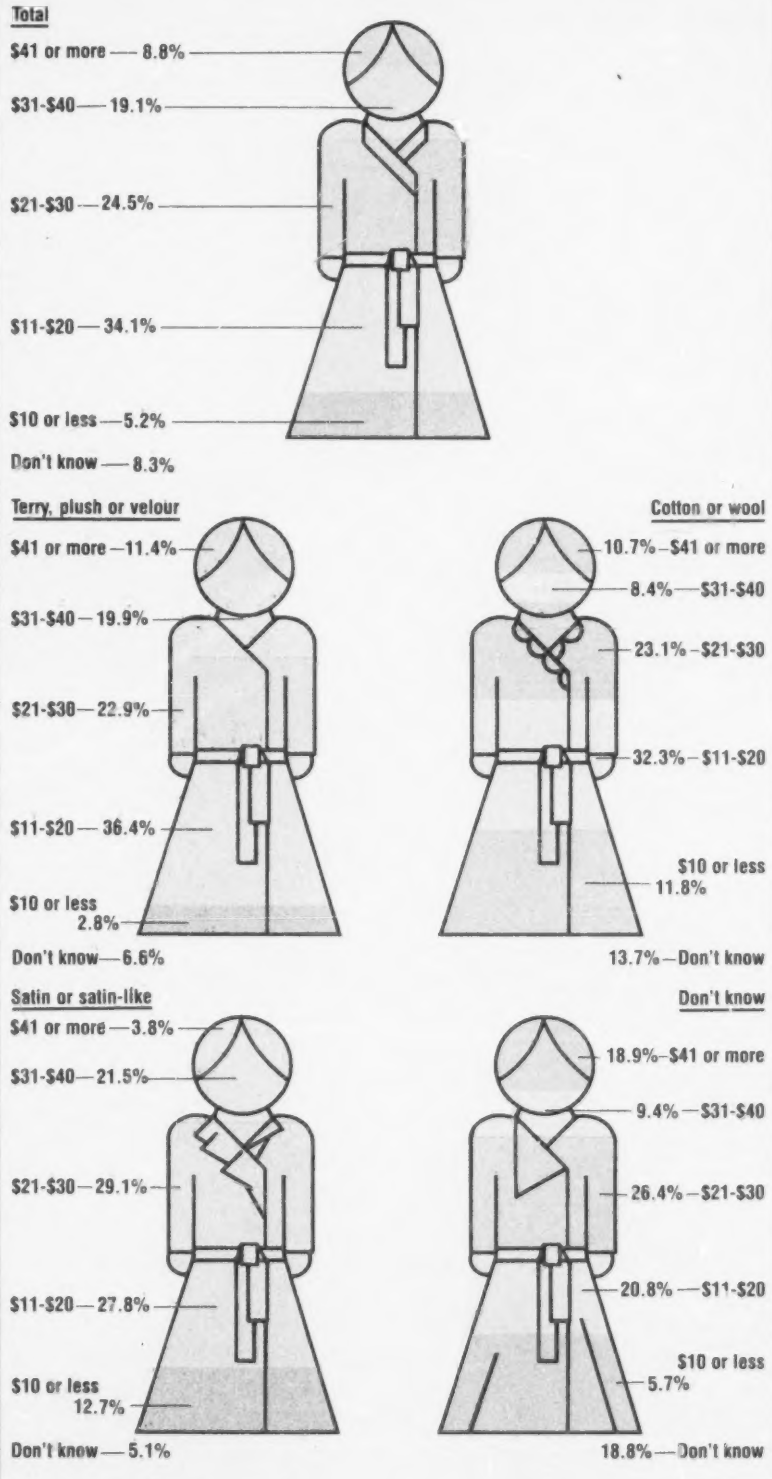
Most buyers from department to discount stores concede Christmas sales, in fact, make up the bulk of the business.

Today, nearly 50% of the women in the United States own either two or three bathrobes, indicates the Gallup research. Over 25% have two bathrobes in their closet, while 1 in 5 possess three. Women aged 35-44 are most likely to have two bathrobes; consumers aged 25-34, three. Women who own one bathrobe represent 10% of the female population, while those who own more than three account for 34%.

Because so many shoppers possess bathrobes, the majority of shoppers (51.4%) indicate they do not plan to buy one this year. Still, 46.2% say they have bought or will buy a robe this year. About 3% are undecided about purchasing a robe.

The largest number of those shoppers who intend to buy a robe this year note they will shop department stores for it. About 37% say they prefer this type of store. Discounters come next on consumer preference lists, with 15.3% planning to buy a robe there. Lagging behind are specialty stores. Less than 10% of the women report they will go there. J. C. Penney and

1 in 3 shoppers wants a robe priced between $11 and $20



Source: *CSA*/Gallup Organization

Sears also drew less than 10% favorable response from consumers. Nine per cent note they will go to Penney, while 8% say they will head to Sears.

Buying on sale, surprisingly, is not uppermost on robe shoppers' minds. Over 50%, in fact, acknowledge they do not look for a bathrobe on sale, while 36% say they do. About 10% are unsure if they will buy a robe whose price has been slashed.

The largest number of women point out they will pay between $11 and $20 for a robe, according to the Gallup research, revealing that many consumers shopping department stores may just be looking instead of buying. Nearly 37% say they are in favor of the $11-$20 price points, while a little over 23% prefer

The majority of shoppers say they expect their robe to last between two to four years.

to pay between $21 and $30, again indicating a lot more lookers than buyers at department stores. Not quite 20% of the women nod to the $31-$40 price bracket, while less than 10% say they will pay over $41, where many department stores start robe price points.

Most shoppers aged 25-44 allow they will purchase robes in the $11 to $20 price bracket, while more consumers aged 18-24 observe they will pay $21 to $30 for robes. Interestingly, 50% of the shoppers aged 45-49 say they will buy robes priced between $31 and $40.

Terry, plush or velour robes drew the most enthusiastic response from shoppers who plan to buy robes in the $11 to $20 price bracket. Their next choice: cotton or wool robes. Satin or satin-like robes were the favorites of those who aim for the $21 to $30 price range. These are also the most desired in the $10 or less range. Shoppers intending to pay over $40 vote for terry, plush or velour robes.

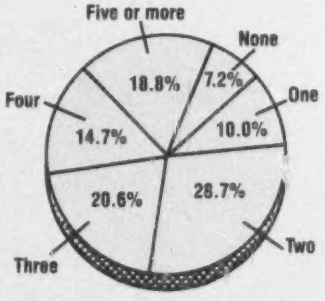
The overwhelming majority of consumers are in favor of floor-length robes, notes the Gallup Poll.

Department stores are the preferred place to buy robes

	Total	18-24	25-34	35-44	45-49	50 & over
Department stores	37.6%	38.5%	33.1%	46.5%	38.9%	34.0%
Discount stores	14.9	11.8	19.8	14.1	11.2	14.0
J. C. Penney	9.1	14.5	14.1	8.1	—	4.5
Sears	8.9	2.6	9.9	9.1	8.3	11.5
Specialty stores	7.9	2.6	9.2	7.1	11.1	9.6
Off-price stores	1.9	1.3	2.1	—	8.3	1.9
Catalog/mail-order	1.5	2.6	—	5.1	—	0.6
Montgomery Ward	1.2	—	1.4	1.0	—	1.9
Others	17.0	26.0	10.4	9.0	22.2	22.0

Source: *CSA*/Gallup Organization

A little more than 1 in 4 women own two bathrobes



Source: *CSA*/Gallup Organization

Nearly 4 out of 5 opt for this length, while a little over 20% say they prefer knee-length.

Buying a robe is not a yearly chore, the Gallup research discloses. The majority of shoppers say they expect their robe to last between two to four years. Including those consumers who maintain a robe should wear for five years, the percentage climbs to over 70%.

Retailers take note: Nearly 16% of the male population will give robes as gifts this year. Unlike most women shoppers, the largest number of men will pay between $21 and $30. Most men elect not to buy on sale, so if they see what they want, Gallup research indicates they may be inclined to pay more.

Just as the women allowed they would shop department stores, so do the men. In fact, men's shopping patterns are just about parallel to women's, with some exceptions. Men prefer Sears over Penney and are less willing to go to specialty stores.

What's more, men are most likely to buy floor-length robes, perhaps because their wives or girlfriends informed them of their preference for this length. They also favor the same fabrications as do the women, probably due to the same reason. □

Robe prices: high at malls

□ While the Gallup Poll points out that roughly 35% of the women in the United States want to pay between $11 and $20 for a robe and that they intend to purchase this robe at a department store, a trip to shopping malls indicates that these women may say one thing and, in fact, do another.

As department store prices are in excess of $20, women are either looking in department stores and buying at chains or discounters or they are paying more than anticipated.

Take a shopping center located in Bradenton, Fla., halfway up this state's west coast. Frequented by consumers with incomes around $20,000, the mall contains Penney, Sears and Maas Brothers. Nearby are a number of K marts.

Maas Brothers, owned by Allied Stores, featured robes of all lengths, sizes and fabrications—from knee-lengths to floor-lengths, from petites to regular sizes, from terry cloths to satin looks to velours. The selection was quite well-rounded, an informal survey of customers revealed.

But the prices were nowhere near those the women in the Gallup Poll wanted to pay. Consider a floor-length satin quilted robe made of 100% polyester. It carried a Maas Brothers' label and retailed for $125. Or take a floor-length velour robe from Vanity Fair, made of 100% Dacron polyester. It retailed for $60.

About the only robes that came close to the range indicated by Gallup customers were a full-length brushed navy robe with baby blue piping from Epitome, made of 85% acetate/15% nylon, retailing for $32, and a knee-length terry cloth (80% cotton/20% polyester) robe from Coco Bay, retailing for $28. Both were a far cry from the targeted $11 to $20 price range.

Now take Penney. While retails did not reach over $100, Penney stocked quite a number of robes in the $40 price bracket. There was a Dacron polyester long-length velour robe for $40, as well as a long quilted robe of $100% Antron nylon for $40 and a long brush-faced robe with braided belt for $42, made of 80% Arnel triacetate/20% nylon. All were appealing, but definitely not within the price range consumers had in mind. In women's a full-length nylon tie-front robe for $27 was available, if women wished to trade up.

Nonetheless, a junior-sized robe did fit Gallup consumers' price specifications. It retailed for $16 and was a short-length belted terry (70% cotton/30% polyester).

All Penney robes carried the J. C. Penney label. No brands were featured at this store, neither were any stocked at the Sears unit. At Sears, the robes also carried the store's label.

Of all three stores in the mall, Sears had the largest selection. In fact, the entire store was crammed with merchandise, making it difficult to shop.

Even so, a number of Sears' robes were within the price bracket women interviewed by Gallup had indicated they would pay. A full-length quilted robe, for example, of 100% nylon, retailed for $19. A full-length

NRMA's MOR notes less turns, GM in '81

The critical balance between stock turns and gross margin for retail profitability was underlined in the 1982 edition of the National Retail Merchants Association's "Merchandising and Operating Results of Department and Specialty Stores" guide. Not surprisingly, the latest MOR indicated that merchandising divisions with the highest stock turns generally produced the highest gross margin return on investment (see chart).

The problem is that 81's highly promotional retail environment pressured gross margins so that eight of the 10 upstairs departments in department stores with over $1 million in volume reported higher markdowns last year than in '80. For while markdowns for the top 10 averaged 10.87% in '80, this climbed to 11.27% last year.

Stock turns couldn't pick up the slack. Only two divisions, shoes and men's apparel, turned at a quicker pace last year. Furniture and decorative accessories were lower and the remaining departments had identical turn rates in '81 as compared to '80.

Shrinkage rates also pressured profits. Among the 10 departments identified as the most likely targets for light-fingered customers (led off by budget/costume jewelry with alcoholic beverages ranking 10th), six showed increases in shortage as a per cent of sales while four reported declines vs. the year before.

May snares Porzig for planning vp spot

Dayton Hudson must rank as the most popular stomping ground for retail headhunters. In the past two years, the diversified retailer has lost top execs like Allan Pennington and Bruce Allbright to Woolworth and Stephen Pistner to Montgomery Ward, to name just three, and corporate topsiders even concede the brain drain is proving troublesome.

The latest ship jumper is Ullrich Porzig, vp/controller for Diamond's, Dayton Hudson's Arizona division. Porzig has joined The May Co. as vp/planning and analysis. He succeeds Thomas Fingleton, who has transferred to May-D&F in Denver as finance vp.

Porzig joined Dayton Hudson in 1973 after a four-year stint with Ford Motor Co. He has since held

Ullrich E. Porzig

positions in financial and business sytems analysis, profit analysis, financial planning, internal audit and operations analysis and credit operations functions.

Family Dollar keeps churning out stores

Ron Ernst of Management Horizons, the Columbus-based think tank, cautions retailers that, "If you button down your flaps to weather the [economic] storm and resurface in two years, you've missed the boat."

One not waiting for a smoother sailing climate is Family Dollar Stores. The Charlotte, N.C.-based discounter is picking up where it left off at the close of its last fiscal year, ended Aug. 31, with 14 new stores in September alone.

Last year Family Dollar opened 74 stores in its Southeast marketing territory and plans at least that many openings this year. What's more, internal expense control appears to have limited the negative impact capital spending has had on profits. Selling, general and administrative costs, as a per cent of net sales, dipped by six-tenths of 1% in the third quarter alone. And while year-end figures are not yet available, Family Dollar closed the third quarter of fiscal 1982 with net earnings hitting $7.8 million, up 17.4% on the year before.

Top performers for department stores

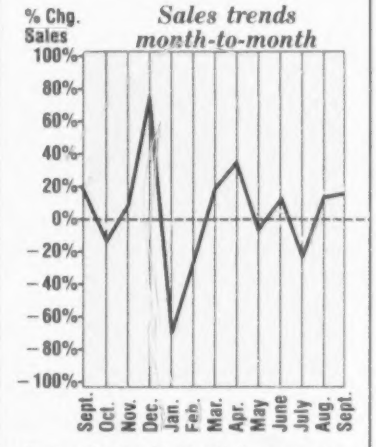
	Gross margin (% of sales)	Stock turns	Rank	Gross margin return on investment in inventory	Rank
All shoes	44.5	2.3	5	1.63	5
Women's apparel	43.0	3.8	1	3.05	1
Intimate apparel/ accessories	48.2	3.0	2	2.79	2
Men's apparel	43.5	2.8	4	2.17	3
Infants', Boys', Girls' apparel/accessories	42.4	2.9	3	2.17	3
Personal needs/ smallwares (food, tobacco)	39.0	2.9	3	1.81	4
Hobby/recreation/ transportation	30.2	2.1	7	1.20	8
Home furnishings (furniture/decorative accessories)	42.4	1.6	9	1.30	7
Home furnishings (appliances/utility equipment)	31.9	2.2	6	1.09	9
Domestics/draperies/ home goods	42.7	1.9	8	1.46	6

Source: National Retail Merchants Assn.

Scared shoppers slay Sept. sales

Consumers, frightened by the continuing rise in unemployment, are holding back on their spending. This refusal by consumers to shop resulted in a meager 3.3% sales gain in September for the 18 chains tracked by *CSA*.

While Government officials say the drop in interest rates and the steep decline in inflation should spur increased consumer spending, leading to a general economic upturn this year, retailers are less optimistic.



Composite of sales trends (increases or decreases) from month to month for the 18 retail companies tracked by *CSA*.

"I don't think we're going to see a dramatic turnaround before Christmas," says Dayton Hudson chairman Kenneth Macke, "and I have a feeling retailers will still be looking for it on Dec. 26."

"Consumers clearly have sufficient capacity to spend more freely than they have been," notes Howard Goldfeder, chairman of Federated Dept. Stores, "but we see no indication that they have any enthusiasm for doing so."

This lack of consumer response to retailers' efforts to increase sales is particularly depressing to analysts who say any overall economic recovery will have to be prompted by consumers loosening their purse strings.

Sales slump continues in September

MAJOR CHAINS	% change	SEPT. SALES* 1982	SEPT. SALES* 1981	STORES 1982	STORES 1981	8-MO. SALES* 1982	8-MO. SALES* 1981	% change
SEARS[1]	+ 2.2	1,866,148	1,825,314	851	859	12,727,932	12,511,266	+ 1.7
PENNEY	+ 0.3	1,048,000	1,045,000	2,058	2,102	7,082,000	7,140,000	− 0.8
WARD[1]	− 5.5	477,359	505,190	389	427	3,407,709	3,576,762	− 4.7
FEDERATED[5]	+ 5.3	506,400	480,800	359	N/A	3,292,300	3,099,700	+ 6.2
DAYTON HUDSON	+ 15.6	477,483	413,072	941	890	3,205,909	2,803,641	+ 14.3
MAY DEPT. STORES	+ 5.9	335,000	316,200	1,349	1,236	2,122,700	2,029,100	+ 4.6
CARTER HAWLEY HALE	+ 4.3	266,800	255,900	999	928	1,753,100	1,667,300	+ 5.1
MERCANTILE	+ 13.2	112,993	99,799	85	83	815,390	729,761	+ 11.7
K MART	− 3.6	1,510,659	1,567,376	2,396	2,347	10,449,821	10,167,250	+ 2.8
WOOLWORTH	+ 1.5	664,001	654,463	N/A	N/A	4,552,071	4,469,984	+ 1.8
HOUSEHOLD MERCH.[2,3,5]	+ 2.6	233,078	227,155	3,801	3,900	1,858,534	1,858,576	N.C.
WAL-MART	+ 28.6	247,000	192,000	525	469	1,984,000	1,376,000	+ 44.2
T.G. & Y.	+ 14.4	150,776	131,752	925	925	1,282,708	1,172,370	+ 9.4
ZAYRE[4]	+ 24.5	201,472	161,794	612	559	1,286,190	1,078,396	+ 19.3
MURPHY	+ 0.5	69,180	68,807	427	439	514,542	493,273	+ 4.3
ROSE'S	+ 10.5	41,897	37,920	236	235	394,550	360,744	+ 9.4
MELVILLE	+ 17.4	320,040	272,685	5,392	5,025	2,183,536	1,845,245	+ 18.3
TANDY	+ 19.9	174,563	145,577	N/A	N/A	1,318,807	1,106,666	+ 19.2
EDISON BROS.	− 5.2	88,097	92,976	2,129	2,029	649,396	674,317	− 3.7
TOTALS & AVERAGES	+ 3.3	8,640,170	8,362,028			59,598,487	56,987,981	+ 4.6

**000 omitted. N.C. = no change. N/A = not available.*
[1]Store number for full-line outlets only. [2]Plus 2,838 franchise stores (vs. 2,923 a year ago). [3]Includes T.G. & Y. sales. [4]Includes 265 Zayre stores (vs. 252 a year ago), 268 Hit or Miss stores (vs. 253) and 79 T. J. Maxx stores (vs. 54). [5]Excludes supermarket sales.

The only chains posting strong gains were discounters appealing to middle- and upper-income shoppers. Mervyn's and Target chalked up sales gains of more than 20%, boosting the Dayton Hudson total increase to 15.6%. Zayre, the Boston-based upscale discounter, continued its strong gains of earlier months with a 24.5% increase in September, raising its year-to-date increase a full percentage point to 19.3%.

At Bentonville, Ark.-based Wal-Mart, still the leader with a September gain of 28.6%, same-store sales rose only about 7%.

Despite the bleak picture, most industry analysts are projecting a relatively strong finish for 1982. Jeffrey Edelman of Dean Witter Reynolds says the "economy is bottoming out" and that the retail industry is "on the turning point of seeing a gradual improvement in sales."

Sears sets sale of Spanish subsidiary

Sears, Roebuck & Co. is pulling out of Spain where the United States' largest general merchandise retailer has operated for the past 15 years.

Galerias Preciados has agreed in principle to purchase the three department stores and 21 hard lines outlets from Sears for "an attractive offer," according to Sears chairman and chief executive officer Edward R. Telling.

A Sears spokesman notes that sales for the Spanish unit have "not been meaningful" to the company's overall sales ($18.2 billion in 1981). Telling adds that "growth for retail operations in Spain would have required a sizable investment." Sears is following the lead of F. W. Woolworth which closed its seven Spanish stores in 1980.

NOTE

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